



NASFAM

STRENGTHENING PROJECT (NSP)

MALAWI

Annual Report

October 2002 - September 2003

Cooperative Agreement No.
690-A-00-00-00172-00

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NASFAM 2002 - 2003

Association Management Centers

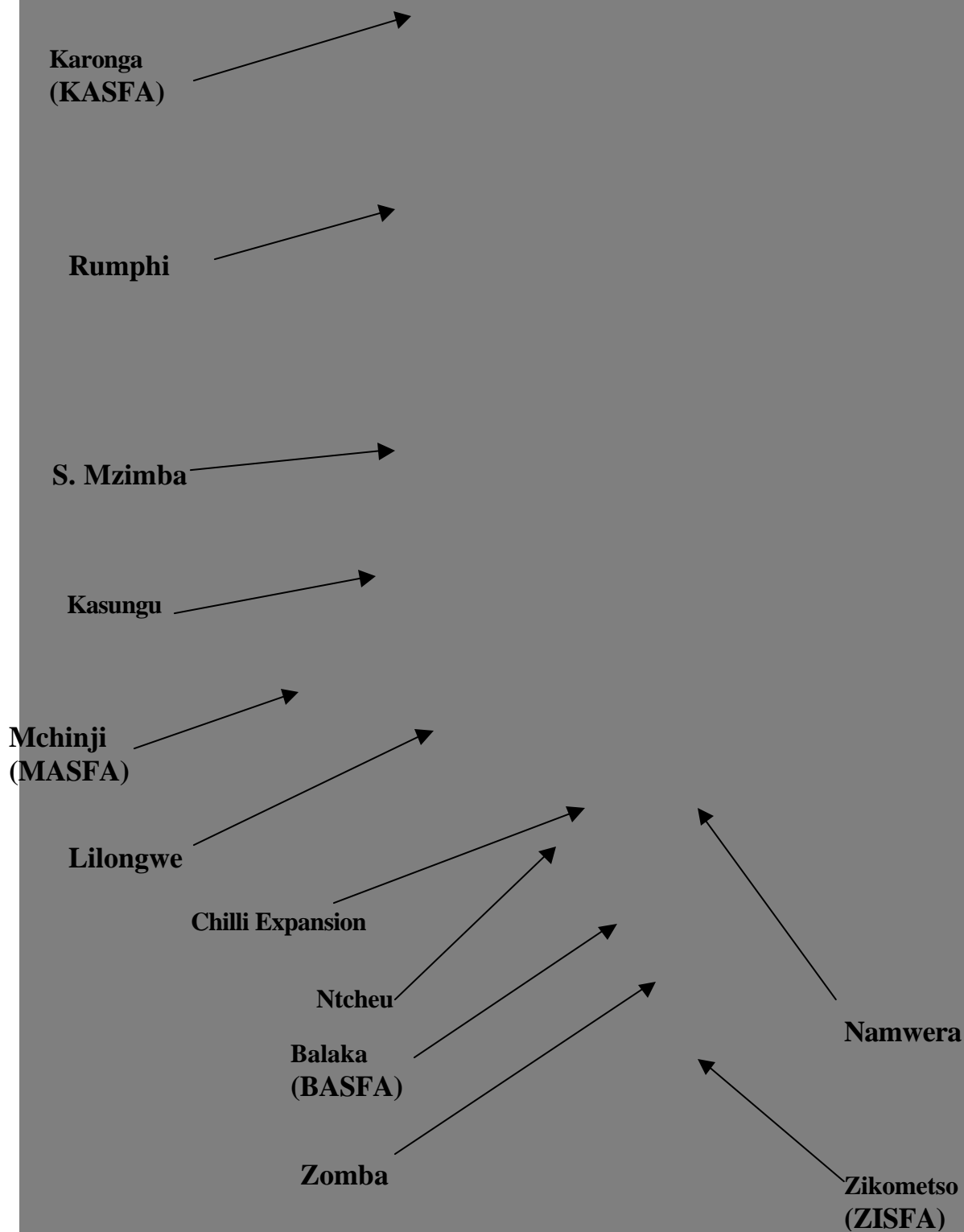


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List of Acronyms



ACDI/VOCA	formerly Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance
ADC	Agribusiness Development Center
ADD	Agriculture Development Division
AFO	Association Field Officer
AFSU	Audit and Financial Systems Unit
AGM	Annual General Meeting
AMC	Association Management Center
BASFA	Balaka Smallholder Farmers' Association
BLB	Ballow Lane and Ballard
CBO	Community Based Organization
CPMM	Crop Production and Marketing Manager
CROPS	Crop Production Operations Department
DANIDA	Danish International Development Agency
EPA	Extension Planning Area
GAC	Group Action Center
GM	General Manager
HRD	Human Resource Development Unit
IB	Intermediate Buyer
KASFA Karonga	Smallholder Farmers' Association
MAC	Marketing Action Center
MAI	Ministry of Agriculture, Irrigation and Food Security
MASFAMchinji	Area Smallholders Farmers' Association
MASIP Malawi	Agricultural Sector Investments Programme
MIS	Management Information Systems
MK	Malawi Kwacha
MT	Metric ton
MUSCCO	Malawi Union of Savings and Credit Cooperatives
NAC	National AIDS Commission
NASCENT	NASFAM Center for Development
NASCOMEX	NASFAM Commodity Marketing Exchange
NASDEC	NASFAM Development Corporation
NASFAM	National Smallholder Farmers' Association of Malawi
NORAD	Norwegian Agency for Development
NSP	NASFAM Strengthening Project
PPU	Policy and Programs Unit
PROSCARP	Promotion of Soil Conservation and Rural Production
SACCO Savings	and Credit Cooperative
SADP	Smallholder Agribusiness Development Project
TOT	Training of Trainers
VCT	Voluntary Counseling and Testing

Project Year Highlights

October 2002- September 2003



? **NASFAM launches subsidiary companies**

NASFAM launched its three companies at its Annual General Meeting in Lilongwe on 5 December, 2002. The Principal Secretary for the Ministry of Agriculture presided over this very colorful function. Candle lighting symbolized the birth of the NASFAM Development Corporation (NASDEC) – the holding company, NASFAM Commodity Marketing Exchange (NASCOMEX) – a for-profit company, and NASFAM Center for Development Support (NASCENT) – a not-for-profit company. As outlined in the NASFAM Strategic Development Program, each of these companies plays complementary roles in NASFAM’s continued growth and in its approaches to sustainability. Each company’s operations are discussed later in the report.

? **NASCOMEX starts buying nonmember produce**

The change in focus from member-based marketing to aggressively pursuing challenging marketing contracts resulted in NASCOMEX procuring 240 MT of produce including groundnuts, Birdseye chilies and soybeans (against a target of 200 MT). In 2003/04, NASCOMEX plans to procure and sell 1,100 MT of various produce from nonmembers.

This program has proved to be highly popular not only to NASCOMEX, but to numerous smallholders who have always wanted to be a part of the NASFAM system but have never qualified to form or join a NASFAM association.

? **NASCOMEX’s own-generated income contributes significantly to its overheads**

The marketing department had a splendid season in 2003/04 turning in a gross profit of MK6.5m, to which nonmember trading contributed MK 2.9m. The department more than covered its direct expenses of MK 2.9m, earning a positive contribution of MK 3.7m towards NASCOMEX’s overheads. The gross profit on nonmember trading alone, therefore, covered the direct expenses of the department.

? **NASFAM conducts an impact assessment survey**

NASFAM recently conducted an impact assessment survey covering all the participating clubs in its member associations. The main objective of the study was to establish the extent to which NASFAM programs and member services have improved the livelihood of participating members and households. The study sought to assess members’ progression as regards income levels, food security, asset ownership, cash savings, investments and technical knowledge. For control purposes, similar data was collected from nonmembers in the same area and growing the same core crop. An initial summary is attached to this annual report, and a comprehensive report will be

produced within the next two months.

? **Membership figures approach 100,000**

NASFAM has maintained its membership at just under 100,000, and as of September 30, 2003, membership was at 34 associations with the number of farmers at 95,287. Women make up 35% of the membership.

? **NASFAM gets withholding tax exemption**

After a long advocacy campaign, the government has finally granted a withholding tax exemption to all smallholder farmers growing and selling tobacco at the auction floors. This remarkable success has boosted the morale of NASFAM members and persuaded other farmers to join the NASFAM family. NASFAM's Policy and Programs Unit is now advocating for the removal of this tax for all smallholder farmers growing other cash crops, such as coffee, groundnuts and chilies.

? **Crop marketing values increase by 50%**

NASCOMEX continues to provide improved marketing services to its membership. The value of non-tobacco produce marketed rose from US\$ 600,000 for last year to US\$ 914,830. Every effort is being made to ensure that farmers still get more benefits by being members than just selling their produce to NASCOMEX. Most of the crop marketing started around April/May and peaked around July/August. For some crops—such as groundnuts—some marketing still continues. Below is a summary of marketing activities for the season.

NASCOMEX Crop Marketing Summary - June 2003 to September 2003

Crop	Volume (MT)	Purchase Value (Million MK)	Sales Value (Million MK)	Sales Value (US\$)
Zikometso chilies	84	10.08	26.6	286,263
Balaka chilies	34	4.93	7.729	78,380
Nonmember chilies	14	2.1	2.722	25,440
BASFA cotton	383	8.225	9.921	96,327
Groundnuts	620	21.7	16.757	168,280
Nonmember groundnuts	180	7.2	4.801	48,015
KASFA rice	148	2.146	Not yet sold	Not yet sold
Paprika (Mzimba, Rumphi, Kasungu)	4.5	Pre-financed	0.239	2,757
Soybeans	238	3.332	4.848	53,867
Totals	1,741.5	60.913	76.005	787,862

? **NASFAM and NORAD sign a partnership agreement**

NASFAM and the Norwegian Agency for Development (NORAD) recently signed a partnership agreement for grant support. The partnership, which is an extension of the first agreement, will run from April 1, 2003 to March 31, 2006. Funding is mainly for the capacity functions of NASDEC and member associations, and program support for NASCENT. A sub-grant was also given to

Malawi Union of Savings and Credit Cooperatives (MUSCCO) for associations' commercial operations, such as value-adding activities.

? **Associations receive funding for self-help projects**

Eight NASFAM associations received funding from NASFAM to carry out self-help projects in their areas. The projects—mostly bridge repair and/or road construction—are crucial for the success of the associations' transport and marketing programs as they increase the accessibility of these rural areas and reduce transport costs.

All the projects are matching grant projects, in which associations are contributing one-third of the total cost in-kind, as labor and locally found materials. NASFAM is providing hardware, like steel bars and timbers, and technical expertise.

? **Farm Input supply shops increase association revenue**

Association supply shops are becoming an important commercial activity, with six new shops starting operations this year, bringing the total to 49. NASCOMEX has become the main supplier of shop commodities, including seed, treadle pumps, chemicals and hardware items. Gross sales of supplies to shops have exceeded MK 4,345,332 since the start of the year.

? **Gender/HIV program**

The NASFAM Gender Program has been revised, placing more focus on gender integration at the association membership level. An HIV/AIDS program has also been developed, looking at the impact of the epidemic on agricultural production and association business, and how this impact can be mitigated. Training of trainers for Association Gender Officers and gender sub-committees was conducted this year, and this was followed by regional and association level workshops for Association Executive Committees.

? **Technical training**

NASFAM management and association field staff initiated 8,226 training and business meetings since October 1, 2002 involving 142,404 farmer participants. Women attending these sessions represent 34% of the participants.

? **Association/NASFAM present audited accounts**

NASFAM and all affiliated member associations presented annual accounts at their respective Annual General Meetings held between September and December 2002. The financial statements indicated that all associations are going concerns, with some associations like Zikometso Chili Association in Mulanje and Karonga Smallholder Farmers' Association (KASFA) registering a net surplus of over MK 7,300,00 and MK 2,400,000, respectively.

? **NASCENT and NASCOMEX board of directors established**

Boards of directors for the NASFAM Centre for Development Support and NASFAM Commercial and marketing Exchange have been established. During the year, the two boards had two meetings each. The boards play an advisory role and report to the NASDEC board on any

governance issues. Members of these boards were selected from the NASDEC board based on their expertise in development or commercial activities and their potential contribution to the boards.

? **NASFAM and MUSCCO sign a Memorandum of Agreement**

NASFAM and MUSCCO signed a Memorandum of Agreement running from April 1, 2003 to March 31, 2006. The agreement is for a venture that will involve MUSCCO managing a US \$300,000 fund from which NASFAM associations will access financing for commercially viable services, farm input credit, and venture capital for value adding to member crops. This fund is a sub-grant under the NASFAM/NORAD agreement.

1.0 Historical Background



1.1 NSP Background

This report covers the final year of the three-year NASFAM Strengthening Project (NSP) – October 1, 2000 to September 30, 2003 – an extension of the Smallholder Agribusiness Development Project (SADP) that focused on the transition of NASFAM into a sustainable business organization.

SADP

The Smallholder Agribusiness Development Project (SADP I and II) was an expansion of an earlier smallholder project implemented by Agricultural Cooperative Development International – ACDI (February 1994 to August 1995). SADP supported smallholder agribusiness development by (1) improving smallholder access to agricultural inputs and better returns on agricultural sales; (2) supporting smallholder self-reliance and self-sufficiency through improved business know-how; and (3) promoting collective action through commercially sound, farmer-owned associations.

Clubs to Associations

SADP, and now NSP, works with rural farmer groups, or “**clubs**”, to develop commercially viable group businesses that are linked to farmer **association** structures through which smallholders realize increasing returns and contribute to economic development through group action. In its first year of operation, SADP transferred the technical know-how to operate successful businesses, and provided linkages to service providers designed to bring about improved and sustainable services to smallholder clubs. As the needs of their farmer members became more apparent, SADP supported smallholder clubs to take collective action to solve problems and to develop more structured associations of farmer clubs to acquire economy of size and collective power of voice. These associations gradually began to develop the capacity needed to carry out the technical services to farmer clubs previously made available through SADP’s technical program.

Associations to National Organization

Smallholder farmer clubs operate in a highly complex environment that has been in a process of continual change for the past thirteen years. This complexity has brought both opportunities—in the form of greater competition and improved access to cash earnings from specialized crops—and hardships from greater uncertainty related to inflation, weakening of rural credit, unexpected currency appreciation, and high cost of transport. Smallholders working with NASFAM have chosen to respond to their changing environment through expanded farmer-controlled *associations* that provide the marketing services and know-how needed by members to handle market and

financial complexities. To date 34 farmer associations have been formed. These associations, through their elected representatives, form the foundation of the **National Smallholder Farmers' Association of Malawi (NASFAM)** – incorporated on February 11, 1998.

1.2 A Means to an End

Since 1998, NASFAM has grown from the 14 founding associations to 34. The early Agribusiness Development Center (ADC) field development system has been closed down, the number of head office and field staff stands at 101 employees—down from 123—23 of which are cost-shared with associations; the number of staff on associations' payroll is approximately 70% of the total employees; and farmer membership has grown from 18,700 to over 95,000. The transition from *project* to *institution* is complete, and USAID was joined by NORAD, DANIDA and EU/PROSCARP in the support of NASFAM.

However, the creation and expansion of NASFAM and its member network *is not* the main objective: *it is* an effective means to an important end. The NASFAM corporate structure and association network is a tiered *business structure* used to collectively access the individual farmer member \Rightarrow to deliver commercial services \Rightarrow to enable the farmer to better manage his/her farm business \Rightarrow resulting in increased family income and food security.

It is in the result of these *services and programs* delivered through the NASFAM network that the success really lies: the real “end” mission of NASFAM is that its commercial and non-commercial services result in *increased family income and food security*.

1.3 The Scope of Project Impact – How Nonmembers Benefit

The NSP/NASFAM program benefits all Malawi smallholder farmers at varying levels and intensities. On the **national level**, impact is achieved through information dissemination via newsletters and the media, and through efforts to improve policies affecting all smallholder farmers. On the **local level, within target areas**, NASFAM and association staffs influence smallholder activities throughout the entire Extension Planning Area (EPA) through joint activities and hands-on training of extension staff, NGOs and other service providers.

In combination with the ‘word-of-mouth’ promotion from member clubs and associations, there is a spillover to **neighboring EPA farmer clubs** that are beginning to request similar assistance directly from NASFAM field offices. Consequently NASFAM has expanded from the original 12 EPAs to over 63 in a seven-year period.

On the **farmer-member level**, association and NASFAM staffs deliver direct technical assistance to motivated farmer clubs through the association/action group structures. In 1996, approximately 200 core farmer clubs, and 4,000 farmers, benefited from technical training and advisory services. Now in 2003, NASFAM staff works with 4,765 clubs and 95,287 farmers through 34 farmer-owned associations.

2.0 NASFAM Development Corporation - NASDEC



NASDEC is the holding company owned by all NASFAM member associations which each have representatives on the General Assembly that meets twice a year at the Annual and General Meetings. Managed by the Chief Executive Officer answerable to a Board of Directors, NASDEC is home to Association Development Services, Finance and Administration, Audit and Financial Services, and the Crop Production Units.

NASDEC has established direct relationships between itself and each of its association owners. Each association is a major client within the NASFAM portfolio, and NASDEC Organization Development and Crop Production and Marketing Managers (CPMMs) have been put into place to work with each association. NASDEC provides direct, on-site technical assistance through a small cadre of regionally-based business, management, financial and agricultural advisors, who work hand-in-hand with association committees, staff and members, helping them to deal with both strategic and day-to-day issues. Financial integrity is paramount to the operation of an effective business entity. Therefore, in addition to helping to develop association financial systems, financial advisors carry out audit functions, and provide reports on financial performance and control system issues to association governing committees and NASDEC management.

2.1 NASDEC/Association Memorandum of Agreement

NASFAM recognizes the importance of clear contractual relationships between all entities in the NASFAM system. Memoranda of Agreement have been put in place between NASDEC and member associations setting down expected association activities and outputs and technical and other NASDEC support offered to associations. Marketing contracts have also been established between NASCOMEX and associations covering product supply commitments and marketing arrangements. To date, all associations have signed these contracts.

2.2 NASDEC Representational Structure and Governance

2.2.1 NASFAM Board of Directors

New elections were held at the 6th NASFAM Annual General Meeting (AGM) in December 2002 with four of the eight directors standing down but eligible for re-election. Mr. Esau Mphepo from Kasungu, with his marketing qualifications, over five years of practical experience as a farmer, his eloquence and energy, convinced the general assembly of his suitability for the position of NASFAM's chairperson. The new board is as follows:

<u>Directors</u>	<u>Position</u>	<u>Association</u>
Mr. Esau Mphepo	Chairperson	Lisasadzi
Mr. Augustine Nyasulu	Vice Chairperson	Henga Valley
Ms. A. Juma	Secretary	Namadzi
Mr. Agnes Chavula	Treasurer	Nkhamanga
Mr. Ephraim Kachola		Mchinji
Mr. Sky Majawa		BASFA
Mr. Feston Zgambo		Lwasozi
Mrs. Emma Ndala		Masuku

The board has met meets four times during the year to discuss program issues, determine general policy, and review progress towards goals. The board plays a very useful role in the start-up of new associations by attending formation meetings, assisting with bylaw development, facilitating group discussion on issues and constraints, and presenting a farmer/member's view of the association concept.



*New NASDEC Board of Directors includes leaders
from the Malawi business community*

Directors also attend the AGMs of all member associations to learn from the experience of others, to provide insight from their own successes and failures, and to assist in monitoring elections and bylaw amendments. It is becoming commonplace for NASFAM directors to be invited to agricultural workshops and conferences to provide the farmer viewpoint on main agenda topics. This year, the board participated in the following external workshops:

- Small-scale Farmers Conference in Lusaka, Zambia
- Business Experience Exchange Program to Tanzania and Zambia

2.2.2 NASDEC Annual and General Meetings

The NASFAM 6th Annual General Meeting took place on 11th and 12th of December 2002 and had an attendance of 96 representatives from 32 associations (3 each). Also in attendance were observers from associations that have expressed an interest in joining NASFAM, such as Mlelemba and Nkhotakota.

The Annual Progress Report was presented along with the Annual Financial Report, and KPMG, NASFAM's auditors presented the annual audit report.

The 6th General Meeting took place in June 2003 at the Natural Resources College outside of Lilongwe. Again, 96 association representatives attended the meeting to hear management reports and assess performance in relation to planned activities and targets. The guest of honor at this meeting was Mr. John Engle, ACDI/VOCA's Chief of Party and Technical Advisor for 10 years. On this occasion, NASFAM honored Mr. Engle with the title '*Tate wa NASFAM*' (NASFAM's father).

2.2.3 Association Annual General Meetings

NASFAM member associations held their AGMs between September and December, 2002. At the meetings, association management presented annual reports, work plans and budgets; and the NASFAM audit team presented the associations' audited accounts. These AGMs present an opportunity for the membership to design and direct the future of their association. New committee leaders are also elected at these meeting using democratic principles. Each association AGM is also attended by at least one NASFAM board member and one NASFAM head office staff.



*At least one member per club attends
the association AGM*

2.2.4 Awards Ceremony

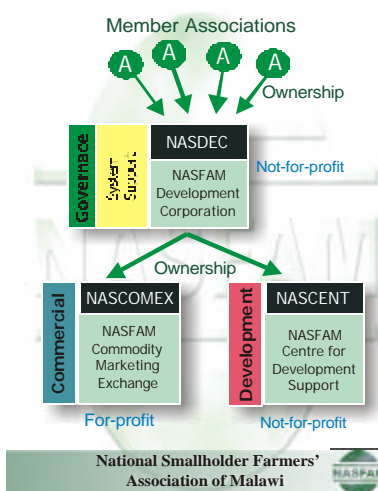
The AGM was concluded with the much anticipated Awards Giving Ceremony, held at Le

Meridian Capital Hotel on the final day of the meeting. Minister of Agriculture, Mr. Aleke Banda, graced the occasion. This year was an improvement from previous years in that a variety of companies sponsored prizes to the deserving clubs and association for various crops marketed through the associations, as well as prizes offered for other association programs. A partial list is as follows:

AWARD	SPONSOR	WINNER	AMOUNT
Association Business Excellence Award	ATC	Zikometso	MK5,000
Best Chili Clubs (3)	NASCOMEX	Nankhulumbo – 988 kg (21 members) Nazungu – 1,443 kg (28 members) Malilima – 4,494 kg (29 members)	10 kg bag fertilizer/member
Best Cotton Clubs (3)	Chemicals & Marketing	Umodzi iii – Utale Chapter (35MT) Tupasye – Mpilisi Chapter (2.13MT) Umodzi iii – Mpilisi Chapter (16.26MT)	3 parcels of chemicals
Best Cotton MACs (3)	Great Lakes	Ngomwa – Utale Chapter (107.34MT) Chillembwe – Mpilisi Chapter (42.18MT) Dziwe – Mpilisi Chapter (41.77MT)	Cotton seed for demonstration plots
Best Paprika Association	Cheetah	Rumphi – Jentha-jembe (235 kg) S. Mzimba Kasungu – Zumani (795 kg)	MK10,000 per association
Best Rice Clubs (2)	NASCOMEX Farmers Org.	Ngaramu - 16,081 kg (32 members) Lusekero - 14,504 kg (23 members) Limbikilani- 14,361 kg (23 members)	10kg bag fertilizer/member
Best Fertilizer Buyer	NASCOMEX	Rumphi (four associations only)	4 bicycles
Best Loan Repayment	MUSCCO	Henga, Nkhamanga and Nsipe	MK10,000 each association
Best Gender Committee	NASCENT	Leadership: BASFA and Chitsime Association Membership: Nkhamanga	2 bicycles each
Person of the Year	NASDEC	Tom Benink	Mug, 20kg rice, Certificate

2.3 Association Registration

NASDEC has contacted NASFAM's Lawyer, Mrs. Rose Kanyuka, to register associations as not-for-profit companies. Mchinji and Rumphi Associations have already been registered as models of a single and joint association business, respectively. This exercise is important for the smooth running of the associations' business activities, and will allow them enter into legally binding contractual agreements.



NASFAM's new structure

2.4 Finance and Administration

The Finance and Administration function is centrally based in NASDEC, serving all three corporate companies and the two main donor programs: USAID/NSP and NORAD. The department also manages the Trading Fund, Venture Fund and Association Equipment Fund, and accounts for all revenues earned through NASCOMEX and NASDEC. The complexity of NASFAM operations has increased exponentially over the past two years, in particular with regard to NASCOMEX activities. A new financial accounting package, CODA, has been installed to handle the new corporate structure and increased business volume.

Finance and Administration is headed by the Director of Finance, a qualified accountant, Anna Kyumba, who is assisted by Gerard Grant, NASFAM Financial Advisor, who until September 2003 was under an ACDI/VOCA contract. Financial integrity and solid financial systems underpin NASFAM's ability to become sustainable, and NASFAM requires further systems strengthening in the area of budgetary management and inventory control. NASFAM plans to maintain Mr Grant's services for this purpose under a direct contract for the coming three years.

Administration is responsible for property management, vehicles and procurement for all three entities, and was for most of the year responsible for personnel management. Late in the financial year, NASFAM recruited a dedicated Human Resource Manager with responsibility for both personnel matters within the three NASFAM companies, and for technical assistance in human resource development to member associations. The Human Resource Manager is responsible directly to the Chief Executive Officer.

2.4.1 Finance and Administration Department

Finance and Administration Department

Headed by: Director Finance
Supported by: Financial Advisor

Finance*Staffed by:*

Accountant - USAID/NSP and Trading Fund
 Accountant - NORAD and NASDEC
 Accountant - NASCOMEX
 Accountant - NASCOMEX (Fertilizer and Transport Program)

Administration*Staffed by:*

Administrator
 Administration Assistant

Human Resource Department

Headed by: Human Resource Manager

2.4.2 Grant and Revenue Management

Beginning in FY2000/1, all revenues and grants were incorporated in a single NASFAM Group budget. The annual audit conducted by KPMG incorporates all funds including NASFAM (NASDEC/NASCOMEX own funds), NSP, NORAD and other grants into a single annual financial report. The audit report is provided to all grantors.

NSP and NORAD share the bulk of development funding, providing 45% and 35% respectively in FY2003. NASDEC and NASCOMEX's own revenues equated to 20% of total funding. This placed NASFAM exactly on target for FY2003 with regards to financial sustainability indicators.

Funding share percentages change according to the number of donors and amounts of funds provided. Both DANIDA and PROSCARP ceased their funding in FY2002, with NORAD taking over key DANIDA programs. NORAD funding increased proportionately. NASFAM has increased its budget share from 6% in FY1999 to 20% in FY2003.

NASFAM Grants and Revenues
Percent of Budget

Revenue Source	99/00	00/01	01/02	02/03
NSP	54	38	47	45
EU-PROSCARP (ended June, 2002)	7	4	2	0
DANIDA (ended May, 2002)	33	27	18	0
NORAD	0	27	19	35
NASFAM	6	4	14	20
Total	100%	100%	100%	100%



The NASFAM/NORAD signing ceremony in Lilongwe South

2.4.3 Human Resources

The number of NASFAM contracted staff—Head Office, Regional and placed with associations—stands at 97, including drivers and other support staff. NASDEC field staff has declined from 36 in FY2001 to 22 in FY2002, and stands at 23 in FY2003 (plus 10 drivers). NASCOMEX has six staff in the field.

Association staffs continue to make up the largest portion of employees. 12 Association Managers and 11 CPMMs are under NASDEC contracts but cost-shared with the associations. Association drivers are still under Head Office contracts to ensure vehicle security, control and accountability: all field vehicles are still under NASDEC control.

NASFAM Corporate Staff

		<i>NASDEC</i>	<i>NASCENT</i>	<i>NASCOMEX</i>	<i>Total</i>
Head Office	Management	3	2	1	6
	Program	6	5	9	20
	Support	20	7	2	29
Regional	Program	-	-	4	4
	Support	7	-	2	9
Association	Managers	12			12
	CPMMs	11			11
	Drivers	10			10
<hr/>					
Totals	—	69	14	18	101

2.4.4 Volunteers

NASFAM has a long history of working with international volunteer organizations (Peace Corps, VSO, APSO and WUSC). Two UN volunteers—Lesley Holst and Musa Id—

joined NASFAM in April 2002. Lesley Holst continued her work within NASCENT's Policy and Program Unit assisting with NASFAM's social agenda, mainstreaming HIV/AIDS and gender issues. Musa Id is Central Region Management Advisor. Both volunteers have contracts until 30 September 2004.

2.5 Audit and Financial Systems Unit – AFSU

An annual audit is a mandatory association membership criterion. The AFSU team is dedicated to the financial accounting health of member associations, and they work closely with Human Resource Development in the areas of accounting training and bookkeeping manual development. The team conducts association financial reviews on a quarterly basis, and prepares audited financial reports based on audited accounts for all associations. These reports are presented at association AGMs during October and November each year. In FY2003 84% of member associations received clean audit reports. The remainder failed to do so because of weaknesses in financial procedures.

Recurrent problems for all organizations operating in remote locations and handling significant volumes of cash are robbery (increasingly, armed robbery) and employee fraud. Through improved systems and monitoring by AFSU, NASFAM was able to reduce the incidence of fraud by a half, bringing it down to 1.6% of total association turnover. Work will continue to try to reduce this percentage further.

Another problem faced by all organizations, and particularly acute among those based in rural areas, is that of staff retention, with many staff looking for employment in urban centers. The chances of finding such alternative employment significantly increase as staff are trained and become more competent. AFSU faces an ongoing challenge of training new staff due to a high turnover of bookkeepers and shop clerks.

2.6 Crop Production Unit

This last year has seen the start up of the Crop Production Operations Department (CROPS) under NASFAM Development Corporation. Programs, particularly at the association level, started a little late because some CPMM positions had not yet been filled. This situation has since been corrected. As a result of this delay, it was not possible to run some of the programs, including seed multiplication, seed procurement, and natural resource management programs.

2.6.1 Seed Procurement

- ❑ Seed for paprika was sourced from Cheetah, and supplemented with that supplied directly by Cheetah through the ADD offices.
- ❑ All maize seed was distributed through the Farm Supply Shop by NASCOMEX.

2.6.2 Seed Multiplication

- ❑ Chili seed multiplication was started in Balaka to ensure that the seed conformed to specifications of the export markets, and that enough seed was produced to meet association requirements.
- ❑ Kilombero rice seed multiplication was seriously hampered by the drought that hit Karonga. Fortunately, there is just enough seed to supply the association for the 2003/04 season.

2.6.3 Forestation

- ❑ Over 550 kg of various indigenous forest tree seed, valued at over MK 600,000, was procured and distributed to all associations in the drive to encourage forestation. The vision is for NASFAM members to take the lead in promoting forestation in their areas of operation.

2.6.4 Small-scale Irrigation

- ❑ This program was introduced for paprika cultivation on a pilot basis in selected areas where adequate water supplies were available, mainly in Namwera, South Mzimba, Rumphu and Karonga.
- ❑ About 100 farmers participated in the program, covering approximately 10 ha. 40 treadle pumps were sourced from Ministry of Agriculture and Irrigation (MAI).
- ❑ From the encouraging results observed so far, the program is likely to be expanded next year. Several members of staff in the respective associations were trained to set up the irrigation systems.



Association members are shown how to use the treadle pump by the CROPS Unit

2.6.5 Demonstration Plots and Field Days

- ❑ Cotton demonstration plots were conducted in collaboration with Farmers' Organization and Chemicals and Marketing Malawi using treated seed, herbicides, chemicals, and general crop husbandry. These plots have proved useful in extending new production technologies to cotton farmers in the Balaka Smallholder Farmers' Association.

2.6.6 Cost of Production Analyses

- ❑ Data has been collected relating to the key crops being marketed by the associations, and are being analyzed. This information will assist associations in setting prices that will ensure that they are benefiting from their agri-businesses.

2.6.7 New Linkages and Joint Activities under CROPS

2.6.7.1 NASFAM/ICRISAT

- ❑ This linkage has been highly productive for NASFAM as it has led to progress in the export of groundnuts to the European market, and has facilitated a series of trainings on groundnut and pigeon pea production and quality management.
- ❑ Two surveys were conducted between May and July 2003 relating to groundnut and pigeon pea production to identify key areas to be addressed for increasing productivity. These surveys will form the basis for all productivity work next year.
- ❑ Another activity under the partnership is the improvement of Chalimbana. About 2MT of unshelled true-type Chalimbana was procured, which will be planted in the 2003/04 season to initiate the improvement of the crop.

2.6.7.2 World Agroforestry Center/Wildlife Society of Malawi (Zomba Branch)

- ❑ This linkage was created to support efforts in forestation in Zomba. The two institutions will provide the necessary technical back-stopping and training for Zomba NASFAM associations. Similar linkages are envisaged for other associations.

2.6.8 Training

Crop production trainings form a major component of CROPS activities with the objective of enhancing staff capacity to conduct farmer extension. 12 training sessions relating to various programs were conducted.

Training Details	Participants Categories	Attendance	Collaborative Partners
Cotton Sprayers and Extension Methodologies	CPMMs, AFOs, PA	7	Clark Cotton Malawi
Paprika Production (for Southern Region Associations)	CPMMs, AFOs, PA	16	Cheetah Malawi
Paprika Production (for Northern Region Associations)	CPMMs, AFOs	17	Cheetah Malawi
Plant Nutrition, Crop Protection, Fertilizers	Farm Supply Shop attendants	32	IFDC and POSAM
Aflatoxin Management (Hyderabad, India)	CROPS Manager	1	ICRISAT
Setting up Smallholder Irrigation Schemes	CPMM (1), AFOs (4)	5	NRC/MAI
Groundnut Production	CPMMs, AFOs, PA	24	ICRISAT
Paprika Production (Karonga Association)	CPMM, AFOs, farmers	31	Cheetah Malawi
Pigeon Pea Production	CPMMs, AFOs, PA	26	ICRISAT
Tree Propagation, Irrigation, Soil and Water Conservation	CPMMs, AFOs	36	

2.7 Association Business Development

2.7.1 MUSCCO/SACCO Farm Inputs Loan

During the 2002/03 agricultural season, MUSCCO disbursed loans to 204 clubs from 13 associations. These associations were grouped under four Savings and Credit Cooperatives (SACCOs), namely: Rumphu, Umoza in Mzimba, Ntcheu and Namwera. A total amount of MK17,565,440.00 was disbursed. Of this, MK16,955,928.06 has been recovered, representing a repayment rate of 96.5%.

Table 1 below depicts loan repayment by clubs that accessed loans from MUSCCO. Despite the balances that have not been settled, almost all clubs made some payments. Only a small number of clubs did not repay their loans in full.

To preserve the reputation of associations within the NASFAM system, measures have been put in place at the association level to ensure that only serious members benefit from the loan program. These measures will include verifying the membership of clubs so that no club is formed by family members, as has been the case in some areas.

SACCO Loans Repayment Schedule

SACCO	Amount Borrowed	Amount Repaid	Repayment Rate (%)
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Namwera	3,243,343.00	3,026,024.06	93.3
Rumphi	8,978,060.00	8,613,324.46	96
Ntcheu	2,255,340.00	2,255,340.00	100
Umoza	3,088,697.00	3,061,239.54	99

2.7.2 National Bank Loans

Some clubs from NASFAM associations accessed agro-inputs loans from National Bank. Associations that accessed these loans were from Rumphi, Kasungu and Zomba.

In a bid to reduce the number of defaulting clubs, National Bank introduced a policy of withholding 10% of the projected sales proceeds from each club that benefits from the loan program. This policy causes every club in the association that has been incorporated into the borrowing list to monitor their colleagues with regard to the use of inputs acquired through loans, and it creates a commitment to sell produce through the agreed channel.

The 10% withheld—or a proportion thereof—is subject to refund after the repayment of the loans. Below is a summary of the program.

Association	Repayment Rate (%)	Number of Clubs	Amount (MK)
Chipala	94	22	7,833,300
Chamama	100	28	9,360,800
Chulu	100	27	7,544,300
Lisasadzi	99	30	11,569,700
Henga	100	13	2,049,000
Nkhamanga	100	29	6,204,500
Hewe	100	7	1,234,000
Kasitu	99	23	4,746,700
Dzaone	100	21	1,416,516
Total		200	51,958,816
Average	99		

2.7.3 Viable Association Business Services

- All associations have strategic plans that focus on the operation of paraffin businesses through the installation of paraffin pumps, and the installation and operation of maize

mills, as priorities. However, to date, no association has had a paraffin pump or a maize mill installed and made operational. The main constraint has been the unavailability of business loans.

2.7.4 Association Business Loans

- Under the NASFAM/MUSCCO agreement, associations can access business loans which they can use for expanding their income generating activity portfolio.
- Lisasadzi Association in Kasungu and Mchinji Area Smallholder Farmers' Association are the first beneficiaries of the business loans program the under NASFAM/NORAD agreement with MUSCCO. A total of MK1,474,229.80 has already been approved for disbursement to the two associations. Lisasadzi Association will receive MK700,000.00 of the approved amount, and the balance will go to Mchinji Association. Sales operations in Lisasadzi and Mchinji will commence in mid-November and late November, respectively.
- The remaining associations are working on their feasibility studies. Since the operational year is coming to an end, it is apparent that most of the viable business services will be implemented in 2003/04.

2.7.5 Paraffin Pumps

- Some associations are currently selling paraffin on a small scale using the 210 liter drums. Nsipe Association in Ntcheu is the pioneer of this small scale paraffin business. Paraffin is being bought from Blantyre at wholesale price and resold in Nsipe at retail price. The association combines purchasing activities (paraffin and other products for shops) so as to minimize transportation costs. This small scale business is being used as a way of raising consumer awareness in advance of the installation of a paraffin pump.

2.8 Association Expansion and Membership Status

Farmer and club numbers have leveled off this year with little increase over last year. There are 34 associations with 4,765 clubs, 529 marketing centers, and 95,287 members. The geographic land area of NASFAM, represented by the number of EPAs, is 63 EPAs.

AMC Location	# of Assoc.	EPAs	MACs	CLUBS	%age of female	% age of male	Females	Males	Total
Balaka	1	6	38	230	26%	74%	1,139	3,242	4,381
Balaka Chili	2	3	8	63	23%	77%	372	1,244	1,616
Karonga	1	2	34	166	36%	64%	1,257	2,235	3,492
Kasungu	4	5	77	801	37%	63%	5,493	9,354	14,847
LL North	3	3	47	453	42%	58%	3,254	4,494	7,748
LL South	3	4	28	294	28%	72%	1,348	3,466	4,814

Mchinji	1	6	50	656	59%	41%	11,900	8,270	20,170
Mulanje	1	12	50	292	44%	56%	3,461	4,405	7,866
Namwera	4	4	45	309	25%	75%	1,370	4,109	5,479
Ntcheu	2	2	30	184	24%	76%	677	2,143	2,820
Rumphi	4	7	48	535	44%	56%	4,454	5,668	10,122
S. Mzimba	4	4	28	372	33%	67%	1,659	3,369	5,028
Zomba	4	5	46	410	36%	64%	2,485	4,419	6,904
TOTAL	34	63	529	4,765	35%	65%	38,870	56,417	95,287

2.8.1 Tracking Gender

NASFAM tracks gender in terms of participation and leadership. Over the past six years female membership has risen from 11,000 to 38,870, representing 35% of total membership.

The number of women in leadership positions has increased steadily since NASFAM started. Women make up 8% of all association chairpersons, and 33% of NASFAM association representatives to the NASFAM General Assembly. Women also make up 25% of association executive committee members. Under the NASFAM gender program, women are not elected into leadership positions simply because of their sex. Women are elected if they have the necessary qualities for leadership. Thus the 25% that hold leadership positions is a powerful indicator of women's empowerment.

NASFAM has an equal rights policy regarding gender. Staff is trained to ensure that women are integrated into all NASFAM commercial activities. Women are encouraged to participate in association leadership functions (committees, sub-committees, general assemblies and chair positions), and staff monitors activities to ensure that democratic and economic rights are enforced. Despite the "social conscience", the dominant NASFAM gender theme is: "Gender integration makes good business sense".

2.9 Association Performance

Performance is rated under several categories:

- ☐ Fiscal bottom line
- ☐ Commercial program implementation
- ☐ Management and controls
- ☐ Member participation

The table below illustrates fiscal performance (see attachment for more details). All associations have made a surplus every year for the past five years. The collective surplus of MK99.413 million is significantly higher than last year's MK70 million. All amounts shown below are association funds and members' equity.

Association Income and Expenditure for the 2002/03 Financial Year

AMC Location	Association Name	Gross Income (MK)	Total Expenditure (MK)	Net Surplus (MK)
Ntcheu	Nsipe	1,449,390.54	1,147,240.13	302,150.41
	Kandeu	1,341,478.18	1,291,580.83	49,897.35
Kasungu	Chipala	2,006,741.14	1,173,987.74	832,753.40
	Chamama	1,810,743.16	965,659.94	845,083.22
	Lisasadzi	1,793,329.77	1,454,194.58	339,135.19
	Chulu	1,499,528.59	1,292,954.64	206,573.95
Lilongwe	Chogonthi	416,441.22	332,081.52	84,359.70
	Nyanja	614,757.49	525,943.16	88,814.33
Lilongwe	Mpenu	1,004,218.00	848,398.33	155,819.67
	Lesa	587,620.00	346,780.20	240,839.80
	Ukwe	772,529.71	315,670.00	456,859.71
	Chiwamba	958,198.58	813,558.85	144,639.73
Rumphi Shops	Henga	484,256.25	255,329.50	228,926.75
	Bwengu	229,652.61	162,351.00	67,301.61
	Kasitu	195,876.78	121,288.00	74,588.78
	Enukweni	284,564.10	255,946.00	28,618.10
	Mzokoto	278,944.97	154,519.50	124,425.47
	Nkhamanga	279,877.73	246,011.00	33,866.73
	Hewe	304,248.05	212,108.50	92,139.55
Rumphi Ass.	Henga	1,429,792.30	944,144.76	485,647.54
	Kasitu	831,768.50	771,087.33	60,681.17
	Hewe	533,536.00	381,380.92	152,155.08
	Nkhamanga	1,612,879.54	781,716.56	831,162.98
Karonga	KASFA	3,124,990.81	720,849.10	2,404,141.71
Mzimba Shops	Joka-Lwasozi	336,390.97	22,853.33	313,537.64
	Champhira	228,377.76	22,903.31	205,474.45
	Elangeni	170,355.29	16,613.33	153,741.96
Mzimba Ass.	Crop Marketing	955,642.84	515,083.95	440,558.89
	Joka	410,035.00	212,767.69	197,267.31
	Champhira	429,662.00	339,946.29	89,715.71
	Lwasozi	433,365.00	404,664.78	28,700.22
	Elangeni	553,476.00	473,075.65	80,400.35
Balaka	Balaka Chilies	8,208,612.85	7,180,293.92	1,028,318.93
	BASFA	13,982,093.65	12,524,145.02	1,457,948.63
	Shops	213,325.02	86,732.20	126,592.82
Mulanje	Zikometso	29,548,008.83	22,161,006.62	7,387,002.21
Zomba	Thondwe	1,116,815.50	502,567.00	614,248.50
	Dzaone	1,720,858.58	774,386.40	946,472.18
	Ngwerero	807,825.90	463,521.20	344,304.70
	Namadzi	755,138.17	337,918.00	417,220.17
Namwera	Nyambi	717,380.78	522,821.40	194,559.38
	Masuku	1,171,534.02	1,084,692.75	86,841.27
	Katuli	798,581.33	673,935.34	124,645.99
	Ntiya	901,332.92	505,599.80	395,733.12

Mchinji	Mchinji	12,108,419.75	11,274,901.24	833,518.51
Total		99,412,596.18	75,615,211.31	22,963,866.36

2.10 Field Training

Association Field Officers (AFOs) have replaced NASFAM funded Technical Service Advisors and are charged with the three main tasks of institutional development and capacity building, commercial operations, and communication. Crop extension is a fourth task that has been added on this year. All AFOs file monthly reports and the MIS Unit in NASCENT is responsible for all field data. During this year, field staff has initiated 8,226 training and business meetings involving 142,404 participants. Women attending these sessions represent 34% of the participants.

EPA Activities

	Business	Training	Total	Club Total	Women	Men	Total
October	17	9	26	231	204	462	666
November	11	7	18	54	99	231	330
December	13	6	19	34	99	158	256
January	13	6	19	46	106	208	315
February	14	6	20	113	139	373	512
March	13	7	20	64	104	200	304
April	23	5	28	82	190	431	621
May	15	5	20	60	141	236	376
June	13	4	17	19	42	50	92
July	20	1	21	25	91	33	124
Average/month	15	6	21	73	121	238	360
Total Trainings/month	503	182	686	2400	4008	7860	11867
Total trainings/annum	6,038	2,188	8,226	28,794	48,090	94,314	142,404



*A typical market center meeting led by the chairperson and assisted by the AFO.
More than 2,400 such meetings take place every year.*

3.0 NASFAM Center for Development – NASCENT



The NASFAM Center for Development Support has three Program Units: Human Resource Development (HRD), Policy and Programs (PPU), and Management Information Systems (MIS). While most of the programs are designed specifically for NASFAM farmers and associations, NASCENT represents all smallholder farmers in the country. The intention is that through training programs, media programs, vernacular newsletters, and representation at all smallholder related forums, NASFAM will positively advocate for all farmers, and all non-affiliated farmers will become familiar with NASFAM concepts and benefits, creating eventual demand for further expansion.

3.1 Programs and Policy Unit

The NASFAM system has provided the smallholder network in Malawi with the ability to have a voice and contribute to national development. Smallholder empowerment has meant the ability of NASFAM members and the broader smallholder community to see themselves as an engine for change, rather than the object of change.

Every year, NASFAM develops a policy based on consultations held throughout the entire NASFAM system and with key external stakeholders. The platform highlights key policy impact areas, outlining issues affecting smallholder livelihoods, specifying impacts, NASFAM's stance, and specific action to be taken. Currently, the NASFAM policy platform addresses four key policy impact areas: smallholder accessibility to financial services; marketing and pricing mechanisms; rural agricultural commercialization; and rural infrastructure. With ever-changing economic and social challenges, the NASFAM policy program will continue to be crucial to the success of the NASFAM business system.

This year, more detailed research into the policy impact areas was conducted by renowned external consultants. The papers that were developed will be presented at a 'State of the Smallholder Farmer' Conference scheduled for early next year.

During the year, the NASFAM policy advocacy program concentrated on withholding tax issues with the Malawi Revenue Authority. NASFAM was advocating for a withholding tax exemption for smallholder farmers selling on the auction floors. This was because NASFAM established from its database that these smallholder farmers earn less than the taxable threshold of MK36,000 per annum. After long discussions and press campaigns on the matter, the government finally granted a withholding tax exemption to all smallholder farmers growing and selling tobacco at the auction floors. This significant success has boosted the morale of NASFAM members and persuaded other farmers to join the NASFAM family.

NASFAM, as a member of the MASIP (Malawi Agricultural Sector Investments Programme)

Task Force continued to participate in task force meetings during the quarter. Policy issues that were discussed and pursued focused on smallholder accessibility to farm inputs (mainly fertilizers) and the roles that different organizations can play in solving the problems that farmers encounter in this area. Issues of subsidy were also discussed. Primarily, NASFAM's involvement in MASIP is aimed at presenting the smallholder perspective on policy issues, and providing a link between NASFAM and other organizations in the sector.

3.2 Communications

3.2.1 NASFAM's *Titukulane* Newsletters

Over 6,000 newsletters are published every quarter in three languages (English, Tumbuka and Chichewa). The content of the newsletter has been adapted to new initiatives over the past year and is now a multi-crop, agribusiness publication that encourages income generating activities and targets progressive and motivated smallholder farmers and their clubs/associations. The newsletter is issued to the following client groups:

Target Clients	Distributed by
NASFAM Member Clubs	Through Associations
NASFAM AMC Centers	NASFAM
Nonmembers	Through AMCs and MAI offices
MAI Field Staff and Officers	Through ADD/RDP/EPA
Leading Agencies/Industry	Through NASFAM HO
Donor/Development Community	NASFAM HO
Language	Number
English	1,000
Tumbuka	1,000
Chichewa	<u>4,000</u>
Total	6,000

3.2.2 Bulletins

Crop bulletins are a single page, two-sided mini-newsletter that are prepared quickly and distributed in a timely manner to farmers producing and marketing specific crops such as groundnuts, chili, rice or cotton. Its main intent is to provide farmers with production information and market news.

3.2.3 Radio Programs

- ❑ NASFAM radio programs target all farmers in Malawi. NASFAM has increased the use of the radio for educational and informational programs since it is the main source of information for rural farmers and has a much wider audience than newspapers and newsletters. Radio has been made a priority as NASFAM moves into new crop areas

and expands into new areas of operation.

- NASFAM entered into a new partnership with the Agriculture Communications Branch of MAI, in which NASFAM is sponsoring a ten-minute program twice a week on the national radio station. This has proved effective as programs are well scheduled.
- Plans have been made to increase the length of the program to twenty minutes so that more issues can be discussed. NASFAM is also looking at the possibility of getting wind up radios for GACs or MACs for farmers' use. This proposal has arisen with the realization that although some farmers have radios, they are not optimally utilized as they are often out of battery power.



The NASFAM radio programs have become popular as a means of providing information to members

3.2.4 Promotion and Publicity

Promotion and publicity is conducted mainly through the radio and newspapers in a professional manner with the aim of generating public knowledge of the objectives of NASFAM and its members. Success stories from clubs, associations and national programs are emphasized. Articles have also been prepared for regional and international trade magazines to generate interest in commercial collaboration with NASFAM and to promote Malawi's agricultural products (e.g. coffee, spice/herbs).

Linkage with private sector service providers is encouraged for a variety of reasons including promotion, collaborative projects, and mutually benefiting advertising. All *Titukulane* newsletters, for example, have private sector advertising that defray part of the publishing cost.

3.2.5 Farmer Profiles

NASCENT continued to produce *Farmer Profiles*, emphasizing the personal benefits that individual members have experienced since joining the association, as a way of encouraging other farmers to join associations, and providing supporting evidence to NASFAM donors and other partners. The profiles have been produced in both English (for distribution to donors and other partners) and *Chichewa* and *Tumbuka* (for distribution to current and potential members).

3.2.5 Representative Services

NASFAM has been invited to participate with several institutional bodies at the national and regional levels. The main purpose of such representation is to present and defend smallholder views and issues, especially those concerning commerce and trade, donor development programs, and human resource development. Special attention is paid to legal and other rights of member clients, and the resolution of any infraction on these rights. Problem solving and proactive advocacy of smallholder empowerment—especially where it concerns gender and environmental issues—is critical to maintenance of farmer confidence in the NASFAM concept. Along with staff, association leaders and members of the board of directors, NASCENT is playing an ever-expanding role in representing membership.

NASFAM staff and farmer leaders participate on the following committees:

- Malawi Environmental Endowment Trust (MEET)
- NGO Food Security Network (SCF-USA)
- Cotton Development Committee/Cotton Council (MIPA/MAI)
- Agricultural Civil Society In Agriculture Network (CISANET)- Supported by the National Democratic Institute (NDI)
- Malawi Agricultural Sector Investment Program (MASIP)
- Malawi Chemical Control Board

NASFAM is a member or collaborates with several key organizations:

- Malawi Export Promotion Council
- Malawi Chamber of Commerce and Industry
- Malawi Investment Promotion Agency
- Natural Resources College, Board of Trustees
- Paprika Association of Malawi
- Horticultural Development of Malawi
- ICRISAT groundnut research
- MUSSCO
- ARET

3.3 Food Security Program

NASFAM has redesigned its food security program, and awareness campaigns were conducted to encourage associations to plan and design their own association-based projects. The new food

security program includes projects in grain banking, crop diversification, seed multiplication, irrigation farming, and nutrition courses.

3.3.1 Village Grain Banks

Of all these approaches, most associations have embraced the grain banks as the preferred option. Three basic approaches are being discussed for the implementation of the grain banks.

1. **Buying and selling:** Involves procuring grain when supplies are plenty and demand is low, and selling the grain back to farmers during the lean period.
2. **Own farm production:** Involves grain production, and the yields are kept to set up grain banks.
3. **Farmers contributing grain to establish a grain bank:** Farmers get back the amount contributed less a certain percentage, which is sold to cover storage and handling costs.

All the projects are to be self-funded by the associations. Field trips were organized to introduce the proposed programs to associations. To date, meetings have been conducted with almost all associations. It is expected that this program will start next year in only one or two areas as a pilot.

3.3.2 Seed Multiplication

All associations visited, except BASFA, welcomed the seed multiplication project. Crops to be included in the program varied from association to association, but included groundnuts, soybeans, early maturing cassava, pigeon peas, sweet potatoes and improved bean varieties. This information will be fed into the CROPs Department for planning and implementation.



A healthy maize crop belonging to an association member in Thondwe – Zomba

3.4 Mainstreaming of Cross-cutting Issues

3.4.1 Regional Gender and HIV/AIDS TOT Workshops

- Following a pilot workshop conducted in Karonga in December 2002, an additional four regional workshops on Gender and HIV/AIDS for Association Gender Representatives and Gender Officers were conducted at the start of the year. These were Training of Trainers (TOT) workshops, and were designed to enable the participants (three members from each association and one staff member/Gender Officer from each AMC) to conduct training in gender and HIV/AIDS issues at the association level in the next phase of the Association Gender and HIV/AIDS Program.
- An integrated approach to gender and HIV/AIDS was adopted in the workshops in order to highlight why the HIV/AIDS pandemic is also a gender issue, and the negative impact which gender inequality and HIV/AIDS have on association and community development. The total number of participants in this first phase of training was 172, of which 89 were female and 83 were male, including 12 staff members/Gender Officers.



Nsipe gender sub-committee – ready for their gender awareness campaign after undergoing a NASFAM gender and HIV/AIDS training

3.4.2 Association Gender and HIV/AIDS Workshops

- For the second phase of the Association Gender and HIV/AIDS Program, a total of 33 workshops were conducted by associations between April and August. These workshops targeted the association committee members and gender sub-committee members, and were jointly facilitated by the Association Gender Representatives and Gender Officers, who attended the regional TOT workshops. In an attempt to create linkages with local service providers, many associations invited representatives from local NGOs and CBOs to attend the workshops and present and discuss issues of HIV/AIDS prevention, VCT, family planning, orphan care and home based care, in addition to exploring opportunities for future cooperation.
- A total of approximately 550 men and 350 women attended this training. The disproportionate number of men is due to the fact that association committee members are predominantly male. The need to increase the participation of women in decision making processes at all levels of the associations, as well as the need to reduce the risk of HIV infection through the promotion of behavior change in the association and community were identified by participants as key issues, and action plans for committees were developed during the workshops.

3.4.3 Proposal for NASFAM HIV/AIDS Program Submitted to NAC

- A proposal for funding of an NASFAM Association HIV/AIDS program was submitted to the National AIDS Commission (NAC) in November. The program has been developed to address the increasing impact of HIV/AIDS on rural households and communities and agricultural production, and includes both an expansion of existing NASFAM activities in the field of prevention and behavior change (e.g. training and sensitization of members), as well as a number of new interventions. These include the integration of nutrition and food security issues, and the adoption of strategies for mitigation and care to assist HIV/AIDS affected households. Some interventions will be implemented by NASFAM as part of the organization's efforts to mainstream

HIV/AIDS, gender and food security issues, while others will be implemented by partners to be identified.

- ❑ Funding is being sought for the program for one year and, if granted, implementation will begin in January, 2004. The response from NAC so far has been positive, but the proposal review process will not be completed until mid-December.

3.4.4 Networking and Linkages in Cross-cutting Issues

- ❑ The process of linking NASFAM to networks addressing cross-cutting issues at district, national and international levels continued during 2003. Meetings were conducted with District AIDS Coordinators and Committees as well as a number of NGOs and CBOs in association areas to inform them of NASFAM activities and discuss opportunities for future cooperation.
- ❑ Linkages to the Ministry of Agriculture, Irrigation and Food Security on food security, HIV/AIDS and gender issues were also strengthened through participation in the planning of the World Food Day commemoration in Karonga on October 16, at which NASFAM was represented by Kaporo Smallholder Farmers' Association. In collaboration with the Department of Agricultural Extension Services and the HIV/AIDS Agricultural Sector Action Research Network, strategies for the mainstreaming of HIV/AIDS and gender in the agricultural sector were developed.
- ❑ Longstanding membership of the Development Assistance Group on Gender—which is involved in advocacy and gender coordination, and includes representatives from donor agencies and the Ministry of Gender and Community Services—continued through this year.
- ❑ The building of strategic alliances with government, donors and civil society organizations is a key aspect of the NASFAM approach to mainstreaming cross-cutting issues. This helps to ensure better coordination of activities on the ground, and enables NASFAM to focus on its areas of expertise, namely association business development, crop production, and marketing, while developing partnerships with service providers in other sectors for the benefit of its members.

3.5 Association Self-Help Fund

- ❑ Associations were invited to submit proposals to the Association Self-Help Fund for Rural Infrastructure Improvement in January. Of the 29 proposals received, eight projects were approved in five different AMC areas.
- ❑ Bridge construction/repairs were carried out by communities with Self-Help funding in Balaka

Chilies Association and BASFA (Balaka), Dzaone Association (Zomba), Nsipe and Kandeu Associations (Ntcheu), and Ntiya Association (Namwera). Road maintenance was carried out in Chiwamba Association (Lilongwe North), while Katuli Association (Namwera) was forced to delay road repairs due to necessary changes in project implementation and has yet to complete the work.

- A total amount of MK560,000 was disbursed and the bridge and road repairs have greatly improved the access of communities to markets, health facilities, schools and other services, as well as ensuring the continued operation of the NASFAM Transport Program in these areas.



*Taking a role in community development programs
under the self-help programs*

3.6 Management Information Services Unit

A key activity is to establish linkages with data sources through e-mail, the World Wide Web, publications and inter-agency data systems, and to have ready access to information in demand. Systems are in place to assure a two-way flow of information between field and NASFAM, and with time and further education, the system will become truly effective. A comprehensive data storage, retrieval and reporting system is being established which will greatly expand NASFAM capabilities in management and marketing systems.

Data Bases and Informational Reports

- Membership data
- Crop marketing reports
- Fertilizer Source/Price Bulletin (bi-monthly: August to November)
- Commodity Source/Price bulletin (May to November)
- Quarterly and Annual Progress Reports
- Program tracking reports

3.7 Human Resource Development Unit

This unit is responsible for the implementation and coordination of training courses and workshops following a rolling Three- Year Training Plan based on the training needs assessment of 2002. 24 NASFAM courses took place during the 2002/03 program year with 649 participants (21% female). The courses focused on association leadership and field staff training.

3.7.1 Internal Training Workshops

Internal Training Workshops are training programs organized and facilitated by the HRD Unit. These are as follows:

Training Title	Trained Category	No. Workshops	Participants		Total
			Male	Female	
Committee Strengthening Training Workshop	Association Committee Members	12	352	103	455
Internal Checkers and Treasurers Training	Internal Checkers and Treasurers	5	63	13	76
Association Management Training	Association Managers	1	13	0	13
New Staff Induction Course	CPMMs	1	12	0	12
Bookkeeping Training	Association Bookkeepers	1	6	13	19
Board Leadership and Governance	NASFAM Board Members	1	6	2	8
Agriculture Extension	CPMMs and AFOs	2	55	0	55
Team Building	NASFAM Board Members	1	8	3	11
Total		24	515	134	649

3.7.2 External Training Workshops/Programs

These are trainings or workshops attended by NASFAM staff or members, facilitated by external people or institutions within or outside of Malawi. They are as follows:

Course Title	Participants	M	F	T	Position	Venue
Finance for non-financial managers	B. Chinyamunyamu	0	1	1	Manager PPU	Malawi College of Accountancy
	D. Warren	1	0	1	CROPS Manager	
	S. Mwenifumbo	1	0	1	Admin. Manager	
	R. Ngwira	1	0	1	Business Operations Manager	
CIMA	T. Chithiti	1	0	1	Assistant Admin. Manager	
Business Administration	Sam Mwalwanda	1	0	1	Association Manager Rumphi	Correspondence Cambridge /UK
Purchasing Supply	Globby Nzunga	1	0	1	Office Clerk	Correspondence / BMC Malawi
Total		6	1	7		

3.7.3 Adult Literacy Program

NASFAM's Adult Literacy Program started in May 2003 in the south of Malawi. Two classes were introduced: Stage 1 for beginners, and Stage 2 for those interested in learning a little English and some advanced reading and writing. As of September 30, 2003 student enrolment was as follows:

Location	Stage 1			Stage 2			Location Total		
	M	F	T	M	F	T	M	F	T
Balaka	81	824	905	110	550	660	191	1,374	1,565
Namwera	140	1,172	1,212	152	800	952	392	1,872	2,164
Mulanje	13	450	463	8	375	385	21	825	846
Thyolo	34	569	603	47	483	530	81	1,052	1,133
Phalombe	8	309	317	19	293	312	27	602	629
Zomba	51	936	987	68	947	1,015	119	1,883	2,002
	327	4,160	4,487	404	3,432	3,836	731	7,592	8,339

Included in the Adult Literacy classes are the following additional topics:

- Gender and HIV/AIDS sensitization
- Democracy and human rights
- Farming as business

3.7.4 Training Material Development

The following training manuals have been developed:

- Introduction to Extension Manual for AFO and CPMM
- Board Leadership and Governance Manual
- Internal Checkers Tool Kit

4.0 NASFAM Commodity Marketing Exchange –NASCOMEX



The core marketing services business of NASFAM under its new framework is the NASFAM Commodity Marketing Exchange. As a for-profit production and marketing entity, NASCOMEX supports the ability of NASFAM associations to market their products, meet their financing needs, develop new and value-added business opportunities, and control access to domestic and external markets.

4.1 Marketing Operations

4.1.1 Malawi Birdseye Chilies

Background

Now in its sixth year of operation, the Zikometso Association has three marketing zones in Phalombe, Thyolo and Mulanje, covering nine EPAs, and each zone has its own committee and general assembly. About 260 clubs and 50 marketing centers (MACs) create the backbone of the market structure, and the 5,700 farmer members produce more than 80MT of chilies in the association area of operation. The association is managed through its own board of directors and has its own independent management structure.

The second association producing chilies—Balaka Chilies Association—is now in its second year of operation but was able to export for the first time last season. An office was opened in Balaka in FY2001 at the BASFA premises to kick-start a new chili marketing operation in Nankumba/Chilipa and Ntaja areas. Both these areas have now become full chapters with AFOs assigned to the areas. New clubs have been formed, and the old ones strengthened as Association Field Officers have carried out basic training in association development and collective marketing techniques.

General

The 2003 chili marketing program has almost come to an end, and buying has stopped. The program was a success despite stiff competition from intermediate buyers (IBs).

The program benefited from exchange gains because of the depreciation of the Kwacha as the selling price was pegged in US dollars. The prices ranged from US \$3.50/kg to US \$4.00/kg. The first container was sold when the Kwacha was MK91.87 to a dollar and the 14th container has been sold at MK107.00 to a dollar.



Workers at the old Zikometso warehouse prepare chilies for drying

Zikometso Association

- ❑ At the beginning of the year, Zikometso Association set its marketing target at 15 containers (105MT). The association's management and buying officers believe this target could have been met if the association members had not been exposed to as much IB trading as they were.
- ❑ By the end of August Zikometso Association had bought a total of 83.9MT, out of which, 11 containers (77MT) of grade A have been exported to Europe. The rest, classified as Grade B, has been sold locally at MK160.00/kg. The grade out percentage has again been contained at 5%.
- ❑ Zikometso maintained a competitive buying price of MK120/kg throughout the season.
- ❑ In pursuit of value-adding, Zikometso has for the first time produced some chili powder. So far, 500kg of chili powder has been produced and is awaiting sale. This was done on a pilot basis, and market availability and potential will determine future arrangements.

Balaka Chilies Association

- ❑ A total of 34MT have been bought against a target of 35MT.
- ❑ Initially the farm gate price was MK140/kg but was adjusted to MK150/kg due to stiff competition in the area.
- ❑ So far three containers (21MT) of NASFAM 1 have been exported and the 4th container will be loaded in the third week of October. 1,226.9kgs of grade B have been sold locally at MK160/kg.

Nonmember Buying

- ❑ In a bid to provide marketing services to a wider network of smallholder farmers and to increase revenue for NASCOMEX, NASCOMEX started buying from nonmembers in Nkhotakota this year.
- ❑ Over 14MT has been bought against the initial target of 10MT. Out of the 13.5MT sent to Zikometso for grading, 9MT is grade A and 2.3MT is grade B.
- ❑ The grade B has been sold locally at MK160/kg and grade A will also be sold locally at approximately US \$3/kg due to high Aflatoxin levels which are above the accepted limit in Europe. This is a challenge with which NASCOMEX will have to deal when

working with nonmembers, as—unlike NASFAM members—they will not normally have been exposed to technical training on recommended agronomical practices.

2003 Birdseye Chili Season

Crop	Volume (MT)	Purchase Value (MK)	Sales Value (MK)	Sales Value (US \$)
Zikometso chilies	84	10,080,000	26,600,000	286,263
Balaka chilies	34	4,930,000	7,729,000	78,380
Nonmember chilies	14	2,100,000	2,722,000	25,440
Total	132	17,110,000	37,051,000	390,083

4.1.2 Cotton Marketing

Background

The Balaka Area Smallholder Farmers' Association (BASFA) was formed in 2000 and now boasts a club and farmer membership of 230 and 3,700, respectively. The first two seasons focused on direct delivery programs with farmers achieving “ginnery gate” prices that were 20% higher than farm gate prices.

General

BASFA has bought a total of 383MT against a target of 600MT. The association has failed to reach its target because most farmers had increased their acreage of maize after experiencing a drought and food shortage the previous year. Some areas in Balaka also experienced floods which destroyed some cotton fields.

Current Situation

- The program saw the rise in farm gate price from MK14/kg last year to MK21/kg at the start of the 2003 marketing season. Since the volumes for cotton were low, the prices increased from MK21/kg to MK24/kg, then finally to K26/kg.
- BASFA closed its program in September after delivering 378MT to Clark Cotton.

2003 Cotton Season

Crop	Purchases Volume (MT)	Purchase Value (MK)	Sales Value (MK)	Sales Value (US\$)
Cotton	383	8,224,880	9,921,000	96,327

4.1.3 Groundnut Marketing

Background

The Mchinji Area Smallholders Farmers' Association (MASFA) was founded in March 2000 with 206 clubs and 4,024 farmer-members operating nine market centers. Over 183 metric tons was marketed in 2000, the first pilot year, with a second “bonus” payment of

MK660,000. This bonus created considerable confidence in the association's style of marketing, and membership grew considerably. Tonnage increased to 427MT for the 2001 season, with an excellent first payment of MK30/kg. Today MASFA boasts 17,000 farmer members located in 800 clubs, and operating 40 market centers.

General

For the first time, six associations marketed groundnuts this year. As was the case with chilies, groundnut marketing associations had problems containing competition from IBs. Despite this, the program went smoothly, especially in terms of financing. Rab Processors Limited provided financing for 500MT of groundnuts.

Current Situation

- ❑ From a target of 1,000MT, a total of 836MT has been bought from the various association, as well as from nonmembers.
- ❑ So far, 516MT have been sold and paid for. The sales were as follows:
 - 40.068MT sold to Tambala Foods at MK40/kg
 - 9.6MT sold to Canon Garth in the UK at US \$430/MT
 - 28MT sold to Blancom in South Africa at US \$650/MT
 - 438MT sold to RAB Processors at different unit prices with a total sales value of MK18 million
- ❑ NASCOMEX still has a stock of 145MT in Mchinji and 115MT in the Lilongwe warehouse. Out of this, 172MT will be shipped to Blancom to satisfy the signed contract for 200MT.
- ❑ NASCOMEX also signed a contract with Ballow Lane and Ballard (BLB) for three containers (54MT) of sized groundnuts. The groundnuts were to be sized and tested for Aflatoxin in South Africa through Blancom, then shipped to BLB. 60MT has already been shipped to Blancom, but unfortunately the Aflatoxin levels are above the accepted limit of 20ppb. Discussions are underway to look for a way forward.
- ❑ After supplying the 200MT for Blancom and BLB there will be an excess of 55MT, which may be sold to Fairtrade under Twin Trading in the UK.

2003 Groundnut Season

	Purchases Volume (kgs)	Purchases Value (MK)	Sales Volume (kgs)	Sales Value (MK)	Approx. Sales Value (US \$)
Mchinji	349,000	12,215,000.00	156,593.48	5,665,888.24	59,019.67
LL. South	90,000	3,150,000.00	89,188.67	3,835,112.81	37,234.10
LL. North	26,000	910,000.00	21,148.67	951,690.15	9,239.71
Kasungu	145,000	5,075,000.00	140,680.45	5,908,578.90	59,085.79

S. Mzimba	7,500	262,500.00	6,287.24	264,064.08	2,467.89
Ntcheu	3,000	105,000.00	2,933.40	132,003.00	1,233.67
Non member	180,000	7,200,000.00	99353.15	4,801,526.00	48,015.26
Total	800,500	28,917,500.00	516185.06	21,558,863.18	216,296.09

4.1.4 Rice Marketing – Karonga



*NASFAM Kilombero rice has earned a name on the market
as the best aromatic rice*

Background

The Karonga Association (KASFA) was founded in June 2001, with its first pilot rice marketing program starting in July of that year. By August, 120,617kg of paddy were procured and milled, and by the end of last year, 64,000kg of long-grain polished rice and 9,550kg of broken rice were delivered to the care of NASCOMEX Marketing Operations Department for bulk and packaged sale.

In January 2002, NASCOMEX started the breakdown packaging of 11MT of Kaporo Kilombero rice into 1, 2 and 5kg retail units, and began wholesale operations with key high-end retailers in Lilongwe, including Bisnowaty, Foodworth, Seven-Eleven, and Tutlas. This pilot effort proved highly successful and 25% more profitable, and the program will expand greatly this coming season.

General

The Karonga Association started buying in June, and they have bought a total of 148MT at MK14.50/kg. Their target was set at 300MT.

The reduction in volume is due to the fact that the area in which KASFA operates was hit by drought. To increase the volumes, KASFA went to buy from schemes in Wovwe and Hara, but even there the volumes were not significant.

Current Situation

- ❑ A total of 35MT of paddy rice has been milled, resulting into 15MT of milled rice, which has been packed into 50kg bags, and 20kg bales of 2kg and 5kg packets. These have been distributed to Mzuzu NASCOMEX office, Blantyre NASCOMEX office, and the Lilongwe warehouse.
- ❑ The packets will be sold to retail shops like Seven Eleven and Tutla.
- ❑ The rice will be milled gradually, so as to spread it throughout the year, rather than having 4-5 months shortages as was the case previously.
- ❑ By the end of August, NASCOMEX had over 15MT of broken rice in stock from the 2002 crop. The price was slashed from MK20/kg to MK10/kg after considering the fumigation costs that were being incurred. The whole stock was sold.

2003 Rice Season

Crop	Volume (MT)	Purchase Value (MK)	Sales Value (MK)	Sales Value (US \$)
KASFA rice	148	2,146,000.00	*	*

* Only about 25 MT of rice has so far been sold. NASCOMEX plans to release rice in small quantities on the market to ensure a constant supply throughout the year.

4.1.5 Paprika – South Mzimba, Kasungu and Rumphi

Background

In June 2001, NASFAM signed its first contract with Cheetah Malawi Ltd. to buy and sell all the paprika in the South Mzimba area. The season ended with 27,447kg of paprika sold to Cheetah, valued at MK1,803,072. South Mzimba farmers also marketed 35.5MT of high quality soybeans through the Association Union with a buy/sell margin of MK3/kg. Total sales for soybeans that year exceeded MK548,107

The market season started in July this year. In addition to South Mzimba Union, nine additional associations in Kasungu and Rumphi also have paprika buying contracts with Cheetah Ltd.

General

This year the target was 50MT, which is almost half that of last year. Only South Mzimba and Rumphi participated in the program. Cheetah Ltd pre-financed for MK300,000.

Current Situation

- ❑ To date, MK249, 000 worth of paprika have been delivered to Cheetah Ltd. This represents 4.5MT of grades A and B.
- ❑ The drastic drop in volumes is due to low farm gate prices last year, where the highest grade was going at US \$1 (MK80). This discouraged many farmers that were planning to diversify into paprika production.
- ❑ In response to this, NASFAM plans to produce paprika as a winter crop, and also to work with a few clubs first.

2003 Paprika Season

Crop	Volume (MT)	Purchase Value (MK)	Sales Value (MK)	Sales Value (US \$)
Paprika (Mzimba, Rumphi, Kasungu)	4.5	-	239,000	2,757



A healthy crop of paprika

4.1.6 Soybean Marketing

General

At the beginning of the season, only four associations were marketing soybeans, but as the program drew close to an end, Ntcheu and Lilongwe South joined the program.

The target was 500MT, of which 238MT has been bought.

Current Situation

The associations have closed their soybean programs, and deliveries to buyers have also come to an end.

Soybean Sales Summary

Association	Volume kgs	Value MK
S. Mzimba	78674.5	1637911.2
Kasungu	71399.2	1469624.6
LL South	17969.2	403064.8
LL North	2325	59750
Ntcheu	6525	164350
Mchinji	16000	272000
Non member	45490.2	841411.8
Total	238383.1	4848112.4

4.2 NASCOMEX – Business Operations

4.2.1 Bulk Fertilizer Procurement and Sales

Fertilizer is usually sold for cash during the months of June to October, and sold on credit during the months of October to December.

A rigorous exercise to get the best fertilizers at the best conditions of sales started in March and ended with the signing of a contract with RAB Processors Ltd. on May 28, 2003 for a second year running. Under this consignment contract, NASCOMEX collects fertilizers from RAB processors with the blessing of their principals, PJC Commodities Private Ltd. of South Africa and Conagra of USA. Payment is after sales of the stock at US dollar prices set in the contract. The contractual quantities are as follows:

PRODUCT	TONNAGE
CAN	4,500
UREA	4,000
23:21:0 + 4s	4,000
COMPOUND D	1,500
21:16:0 +3S + Zn + Bn	500
TOTAL	14,500

This is an increase of 65% from last year, and it is envisaged that repeat customers who have benefited from use of KULIMA Gold Brand of fertilizers last year will be the main target group of the program.

Delivery of fertilizers commenced on June 6, 2003 and by the end of September, 6,735MT—worth about US \$1,780,000—had been delivered to NASFAM farm supply shops. This is against a target of 5,000MT planned for the first three months of the program. This can be attributed to an increase in outlets (using farm input supply shops) from 33 to 48, and the realization by farmers that fertilizer prices go up every year, especially after the closure of the auction floors.

NASCOMEX has paid US \$721,536 (MK77,532,779) to RAB processors for fertilizers

sold by 30 September, 2003. Associations have made commissions amounting to MK1,087,140 for the period June to September, 2003 on the new contract.

The total volume of fertilizer sold through the associations this financial year is 9,396MT, at a value of US \$2.8 million. The amount bought this season, i.e. starting in June 2003, is 6,735MT.

4.2.2 Association Farm Supply Shops and Central Supply

15 new shops started operations this year, bringing the total number of shops to 49. NASCOMEX has become the main supplier of shop commodities, including seed, treadle pumps, chemicals and hardware items. Gross sales revenue from April to September 2003 of non-fertilizer items reached MK4,345,332, with cash sales being MK249,686.00.

NASCOMEX provides the following commercial services to associations with retail operations:

- ❑ Consignment stock contracts with seed and supply companies
- ❑ Consignment stock program for fertilizer – cash and credit systems
- ❑ Direct order systems for the payment and delivery of goods through Head Office (hardware, consumables, chemicals)
- ❑ Central supply service through Head Office for bulk commodities (treadle pumps)
- ❑ Stock transport through the NASCOMEX fleet

New Developments

- ❑ A Monthly Sales Report has been introduced in shops to monitor the performance of each shop. Managers have been requested to ensure that they provide this information on a monthly basis to the Farm Supply Shops Manager.
- ❑ Managers will report credit and cash purchases made in a month by shop, and opening and closing stocks on hand.
- ❑ Associations have been advised to ensure that the pricing of goods is based on other retailer's prices and the costs of goods with the assistance of managers, in order to increase sales volumes.
- ❑ A model farm supply shop has been established at Lisasadzi in Kasungu.
- ❑ Farm supply shop operating guidelines, together with NASCOMEX/Farm Supply Shop contracts, have been drawn up.

Currently NASCOMEX is expected to make a gross profit of MK300,000.00 from the supply of farm inputs to the Dimon Flue Project.

During the third quarter, all the farm supply shops were grouped into three categories: good, bad and worst. This classification is based on physical appearance, repayment of debts to NASCOMEX, and stocks held in the shops. This grouping is intended to ensure proper procedures are followed when opening fleets, as well as in their management.

4.3 Fleet Management

NASCOMEX manages two commercial trucks of four and seven tonnage. As of September 30, 2003, after one-year of operation, the two-truck fleet generated MK2,409,974.



4.4 Bulk Transport Contract Management

Bulk transport contracts have exceeded MK43 million (US \$583,000) this year. Associations have earned commissions of MK11,733,025, and NASCOMEX has received MK1,453,400 in revenue. A full-time employee manages the extensive tracking that is required for this service, and three staff work in the field to assist farmers in the preparation and verification of transport documents. In addition to transport contracts, NASFAM also provides group blanket insurance coverage for goods in transit, storage, and fire/theft. Cost of the policy is shared by all participating associations.

5.0 NASFAM Donor Support Programs

During FY2003, NASFAM continued to receive grants from USAID and NORAD, having seen completion of DANIDA and EU-PROSCARP program activities in FY2002. Each grant is accounted for according to each donor's conditionalities, and where special requirements exist, is monitored for compliance.

USAID funding is primarily focused on the development of NASCOMEX and NASDEC business activities, while NORAD support is directed towards NASFAM's social development programs with NASCENT. In terms of areas of interest, USAID and NORAD support is therefore highly complementary.

6.1 USAID

USAID's NSP, managed by ACDI/VOCA, provides core funding and technical expertise under a contract arrangement with the NASFAM Board of Directors. The grant is particularly focused on the development of NASCOMEX and support functions, such as financial and administration systems, management information services, sustainable agriculture, and field audit functions. The NSP grant and contractual agreement ended on September 30, 2003, following a one year extension. An amount of US \$1.5 million was provided to NASFAM by USAID through a sub-grant from ACDI/VOCA in FY2003. Technical Assistance from ACDI/VOCA during the financial year amounted to approximately US \$0.9 million.

NASFAM has submitted a proposal to USAID for direct support of its Strategic Development Program for the next three years, with a continuing focus on the development of NASCOMEX and NASFAM sustainability. It is hoped that funding will be in place by December 2003.

6.2 NORAD

NASFAM entered into an agreement with NORAD effective October 1, 2001 for support to four programmatic areas. Budget amounts, shown below, covered the period to March 31, 2003. Funding is in Norwegian Kroner—amounts are converted to US dollars for the purpose of this report.

NORAD Grant October 2001 – March 2003

	<u>LOP Budget</u>
1. Human Resource Development	410,000
2. Material Support	450,000
3. Community Action	150,000

4. Commercial Programmes	250,000
5. Overhead Support	<u>230,000</u>
Total	<u>US \$1,490,000</u>

Program activities were successfully completed in March 2003, and effective April 1, 2003 a new three-year phase of support was initiated, with the following programmatic areas and budgets.

NORAD Grant April 2003 – March 2006

	<u>LOP Budget</u>
	US \$
1. NASDEC	
Association Business Management	230,593
Association Construction Programs	231,513
Association Geographic Expansion / Cost-Share Support	591,513
Crop Production Programs	374,104
MUSCCO Sub-Contract	643,056
System Support	168,953
2. NASCENT	
Training	265,500
Numeracy/Literacy Training	229,167
Policy and Advocacy Programs	219,135
Communications	144,671
HIV/AIDS, Gender and Governance	177,000
Short Term Technical Assistance	183,333
Institutional Exchange Programs	154,167
System Support	137,297
Total	<u>US \$3,750,000</u>

6.0 Planning, Reporting and Monitoring

6.1 Planning, Monitoring and Reporting

The planning, monitoring and reporting program for NASFAM is extensive. An annual strategic development/planning workshop is held once a year for top-level NASFAM management to review ongoing programs, plan for new initiatives, and develop new concepts. This workshop is supported by four follow-on management/regional staff meetings, held periodically with NASFAM program managers to discuss operational and administration issues.

The NASFAM Head Office meets bi-weekly by company (NASDEC, NASCENT and NASCOMEX) to discuss assignments for the period and coordinate on-going activities. Each regional office and association management team also meets on a weekly basis to review progress and plan for the week's activities.

The NASFAM Executive Committee meets at least once a month and on a needs-be basis to form a consensus-based decision making process, to maintain effective communication, and to develop a personable and professional working relationship between NASFAM leadership and technical advisors. The Executive Committee is made up of the CEO, Executive Director of NASCENT, the General Manager of NASCOMEX, and the Financial Director. The NSP Director also maintains a seat on the Committee.

Planning and reporting procedures at the association level start with the development of the Annual Work Plan, now done in coordination with the Regional Support Teams. Association management also compiles Quarterly Action Plans that are reviewed and adjusted weekly. Association business reports are submitted monthly to NASFAM Head Office. NASFAM also prepares an Annual Work Plan, and progress reports on activities are prepared quarterly and annually.



Quarterly association manager meetings are part of the planning, monitoring and evaluative process

Planning, Reporting and Monitoring

<i>Association Level</i>	Annual Work Plan and budget	Two weeks before Program Year
	Quarterly Action Plans	Oct-Dec/Jan-Mar/Apr-Jun/Jul-Sep
	Weekly Planning and Monitoring Meetings, with Association Management	Held either Monday or Fridays
	Monthly Business Reports	Submitted first week of following month
	Monthly financial reports	Submitted first week of the month
	Committees meet monthly, regional staff is a member of committee	Monthly
	Association General Assembly meets quarterly for activity planning	Four per year, every quarter
	Association meets for AGM: elections, work plans, budget, annual report	Annually – end of FY
<i>NASFAM Office</i>	Annual Work Plans	To start October 1
	Quarterly Reports	Submitted first week of Jan, Apr, July, Oct
	Annual Report	Oct - Sept; Submitted Nov – Dec (after annual audit)
	Annual and monthly financial reports	FY start October 1
	Frequent field visits to associations	Throughout the year
	Field management meetings	Four per year, every quarter
	Executive Committee meetings	Weekly; needs-be basis
<i>Regional Team</i>	Team members prepare individual Quarterly Report; assists Association in the preparation of their plans, budgets and reports	Every quarter
	NASFAM Audit Team Audits Associations, trains bookkeepers, prepares annual report; team reports to committees	Every quarter, report is annual
<i>Board of Directors</i>	Board Meetings; GM reports	Four per year; every quarter
	Attend association meetings	As scheduled
	Review and inspect new associations	As scheduled
	Approve auditor; receives report	End of FY

<i>NASFAM General Assembly</i>	General and Annual General Meetings. At AGM: June and December Annual Work Plans and Budgets discussed; Annual Report and Annual Financial report reviewed, elections held
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